

Payson
Municipal Airport

Appendix B
RATES AND FEES ANALYSIS

Bruce D. Greenberg, Inc.
Real Estate Appraisers & Consultants
Machinery & Equipment Valuations

6901-97 - 1

3561 East 42nd Stravenue
Tucson, Arizona 85713

e-mail: bgreenberg@revol.net

Telephone (520) 750-8200

Facsimile (520) 750-8298

RESTRICTED APPRAISAL REPORT - LIMITED APPRAISAL

DATE OF REPORT: November 24, 1997

CLIENT: Mr. Richard Underkofler
Town Manager
Town of Payson
303 North Beeline Highway
Payson, Arizona 85541

APPRAISERS: Bruce D. Greenberg, MAI, SRA, ASA
State of Arizona Certified General Real
Estate Appraiser, Certificate Number 30031

Suzanne Boyer
Associate Appraiser

Bruce D. Greenberg, Inc.
3561 East 42nd Stravenue
Tucson, Arizona 85713

SUBJECTS: All of the subject holdings are located within
the confines of the Payson Municipal Airport.
Some of the improvements are planned and
others are existing.

Property 1: Monthly rental rate for single
engine aircraft at existing and/or planned tie
down space.

Property 2: Monthly rental rate for an
individual space within typical planned T-
hangar space.

Property 3: Monthly rental rate for the excess interior storage areas on each end of a typical planned T-hangar building.

Property 4: Monthly rental rate for a typical planned shadeport or T-shade space for twin engine aircraft.

Property 5: Monthly rental rate for a typical planned 2,500 square foot box hangar.

Property 6: Annual rental rate for existing restaurant ground lease site.

Property 7: Annual rental rate for a typical planned single engine T-hangar facility ground lease site.

Property 8: Annual rental rate for a planned FBO site (about 12,000 square feet).

OUR FILE NUMBER: 6901-97

This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it presents no discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documents concerning the data, reasoning, and analyses is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraisers are not responsible for unauthorized use of this report. This report has been prepared for use by the Town of Payson and/or Coffman Associates with regard to business decisions affecting the Payson Municipal Airport.

Furthermore, in accordance with prior agreement between the client and the appraiser, this report is the result of a limited appraisal process in that certain allowable departures from specific guidelines of the Uniform Standards of Professional Appraisal Practice were invoked. A rental analysis has been performed with which to establish the estimated rental value for the subject parcels. Comparable rental data was obtained from competing airports within the State of Arizona. Those airports include Avra Valley Airport, Casa Grande Municipal Airport, Cottonwood Municipal Airport, Show Low Municipal Airport, Sedona Airport, Falcon Field in Mesa, Lake Havasu City

Municipal Airport Bullhead/Laughlin International Airport, Flagstaff Municipal Airport, Chandler Municipal Airport, and Wickenburg Municipal Airport. The rental value provided may be impacted to the degree there is departure from specific guidelines of the USPAP.

PURPOSE OF THE APPRAISAL: To estimate the market rent of the subject properties.

As utilized in this report, market rent is hereby defined as:

The rental income that a property would most probably command in the open market; indicated by the current rents paid and asked for comparable space as of the date of the appraisal.

Source: The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute

INTENDED USE OF THE REPORT: For the purpose of assisting the client, the Town of Payson with business decisions regarding the Payson Municipal Airport.

EFFECTIVE DATE OF VALUE: November 3, 1997, the date of our most recent inspection of the subject properties.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: In preparing this appraisal, the appraisers inspected each of the subject properties and gathered similar type rental comparables from competing airports within the State of Arizona.

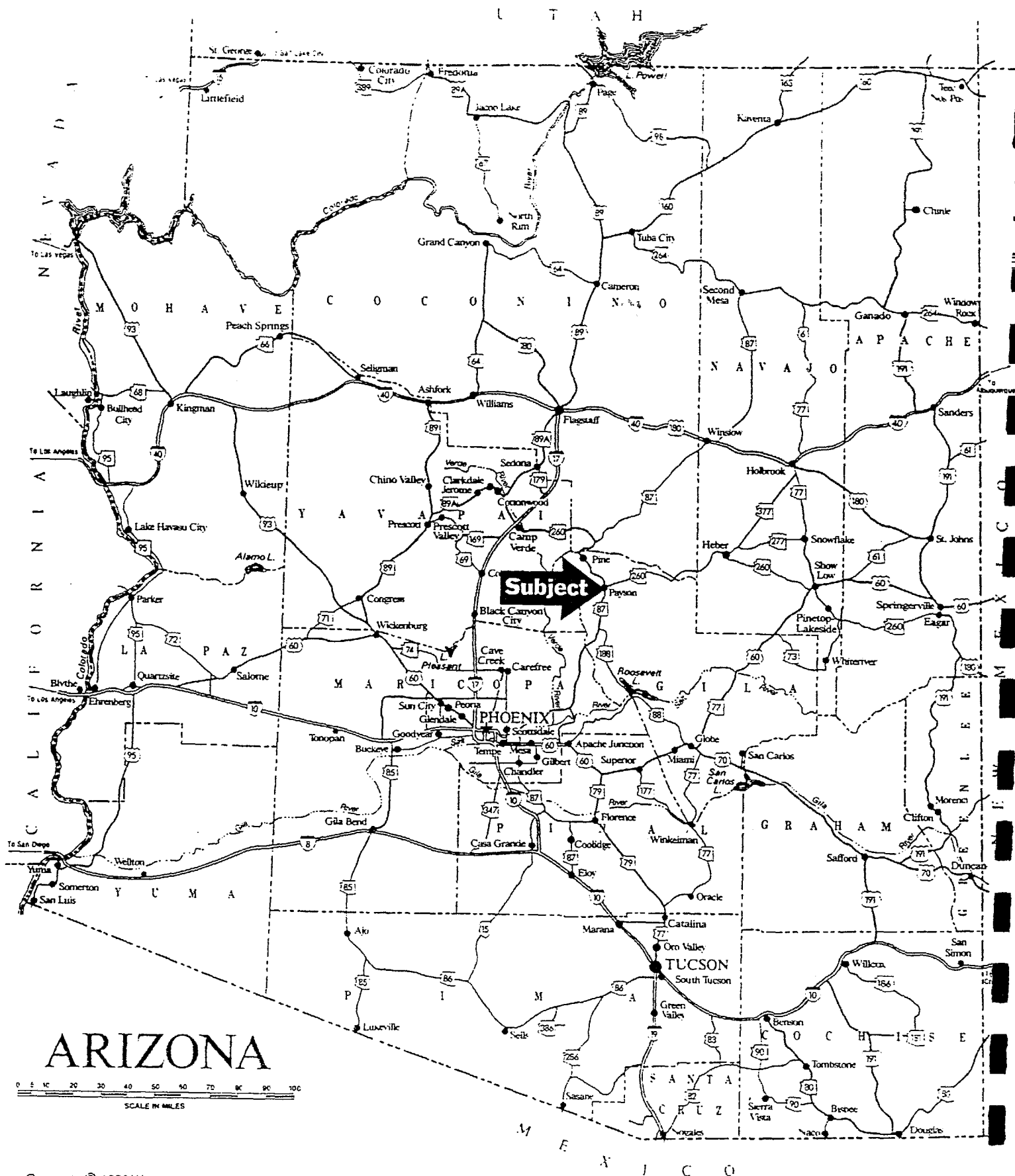
This Restricted Appraisal Report sets forth only the appraiser's conclusions. Supporting documentation is retained in the appraiser's file.

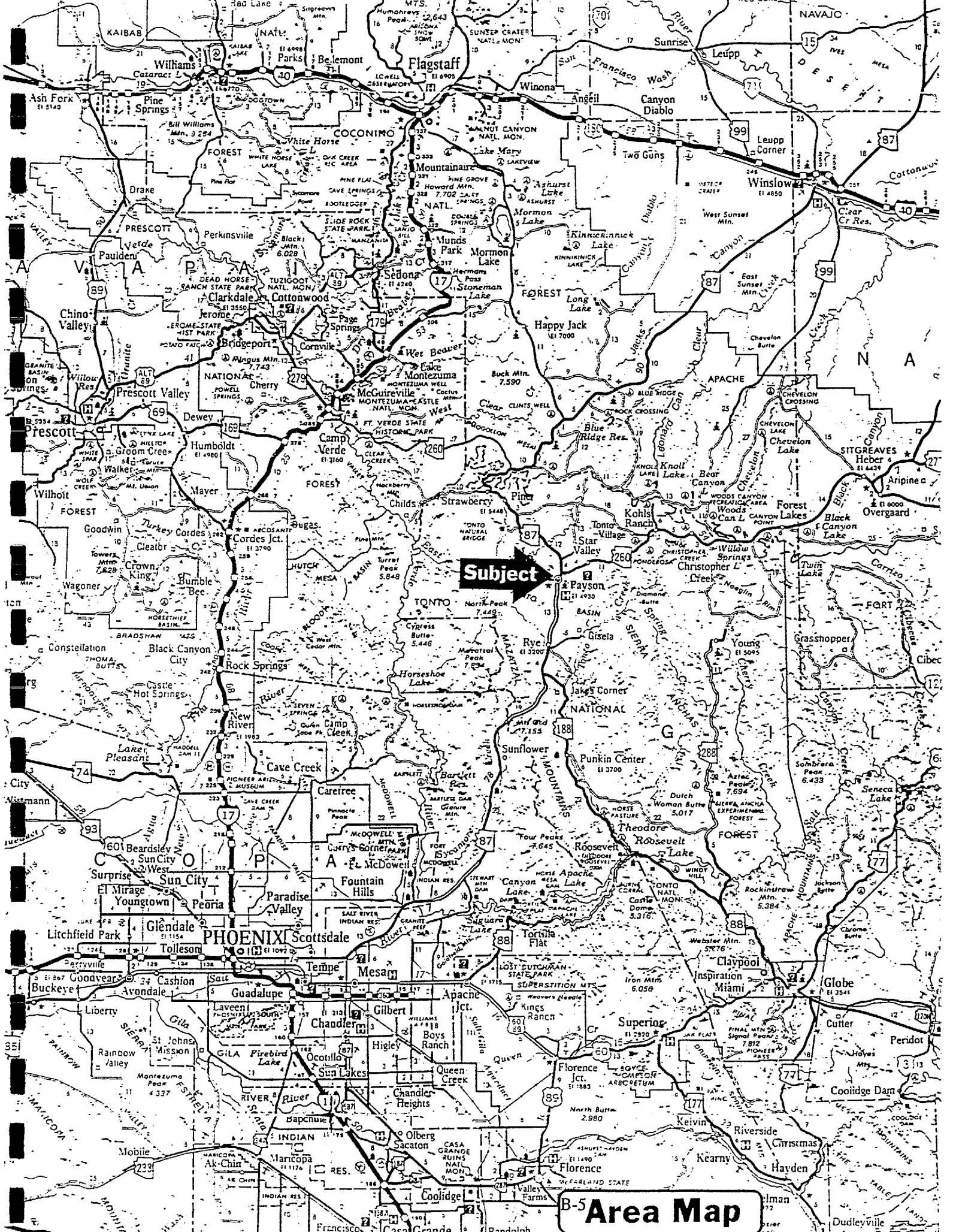
PROPERTY APPRAISED:

All of the subject properties are within the Payson Municipal Airport Proper. Ownership of the subject airport is in the Town of Payson. The legal description for the subject as provided by the client is as follows:

Tract 38, Township 11 North, Range 10 East and Lot 13, Section 33, Township 11 North Range 10 East, Gila and Salt River Base and Meridian.

We assume this legal description to be correct and reliable. According to Gila County Assessor's records, the subject airport can also be described as Assessor's Parcel Numbers 302-39-001B and 302-39-005. The airport is located along the north side of Airport Road, west of the Beeline Highway.





Subject

B-5 Area Map

Subject

35

TO STAR VALLEY
KOHLS RANCH
CHRISTOPHER C
SHOW LOW

■ TONTO NAT'L FOREST
ADMINISTRATION OFFICE

PAYSON

PAYSON

RUNWAY DATA		
RUNWAY 8-24		
	EXISTING	ULTIMATE
AIRCRAFT APPROACH CATEGORY-BASIC DATA		
APPROACH VISIBILITY MINIMUMS	1000 FT	1000 FT
MAXIMUM RUNWAY ELEVATION Above MSL	5150 FT	5150 FT
FAA PART 77 CATEGORY RUNWAY 8	NONPRECISION	NONPRECISION
FAA PART 77 CATEGORY RUNWAY 24	NONPRECISION	NONPRECISION
RUNWAY WIDE COVERAGE 15' WIDE	200 FT	200 FT
RUNWAY DIMENSIONS	5504' x 75'	5100' x 75'
RUNWAY BEARING (Datum: Degrees)	N 75° 10' E	SAME
RUNWAY INSTRUMENTATION	NONE	OPS
RUNWAY APPROACH SURFACES	25' x 25'	15' x 25'
RUNWAY THRESHOLD DISPLACEMENT	NONE	NONE
RUNWAY STOPWAY	NONE	NONE
RUNWAY SAFETY AREA (RSA)	5104' x 150'	5100' x 75'
RUNWAY SAFETY AREA (RSA) BEYOND Rwy END	300'	SAME
RUNWAY OBSTACLE FREE ZONE (OFZ)	5504' x 200'	5100' x 400'
RUNWAY OBJECT FREE AREA (OFA)	5104' x 500'	5100' x 500'
RUNWAY OBJECT FREE AREA BEYOND Rwy END	300'	SAME
RUNWAY SURFACE MATERIAL	ASPHALT	SAME
RUNWAY PAVEMENT SURFACE TREATMENT	NONE	SAME
RUNWAY PAVEMENT STRENGTH (in thousands psi)	40'S, 50'S, 100'S, 20'S	40'S, 50'S, 100'S, 20'S
RUNWAY EFFECTIVE GRADIENT	0.03%	0.0348%
RUNWAY TOUCHDOWN ZONE ELEVATION Rwy 8	5142' MSL	SAME
RUNWAY TOUCHDOWN ZONE ELEVATION Rwy 24	5150' MSL	SAME
RUNWAY MARKING	NONPRECISION	NONPRECISION
RUNWAY LIGHTING	MISL	SAME
RUNWAY APPROACH LIGHTING	NONE	NONE
TAXIWAY LIGHTING	Disintegrators	MISL
TAXIWAY MARKING	Centerline	SAME
TAXIWAY SURFACE MATERIAL	ASPHALT	SAME
TAXIWAY WIDTH	35'	SAME
TAXIWAY SAFETY AREA WIDTH	75'	SAME
TAXIWAY OBJECT FREE AREA WIDTH	150'	SAME
RUNWAY ELECTRONIC NAVIGATIONAL AIDS	NDB	OPS
RUNWAY VISUAL NAVIGATIONAL AIDS	PAPI-2	PAPI-2
	REIL	

Pavement strengths are expressed in Single (S), Dual (D), Dual Tandem (DT), and/or Double Dual Tandem (DDT) wheel loading capacities.

AIRPORT DATA			
PAYSON MUNICIPAL AIRPORT			
	EXISTING	ULTIMATE	
AIRPORT SERVICE CODE	General Aviation	SAFT	
AIRPORT REFERENCE CODE	4	SAFT	
DESIGN AIRSPEED	Design Category II	SAFT	
AIRPORT ELEVATION	5150' MSL	SAFT	
MEAN MAXIMUM TEMPERATURE OF HOTTEST MONTH	51° F	SAFT	
AIRPORT REFERENCE POINT (NAD 83)	Latitude 34° 15' 15.11" N Longitude 111° 27' 51.22" W	Latitude 34° 15' 15.11" N Longitude 111° 27' 51.22" W	
AIRPORT and TERMINAL NAVIGATIONAL AIDS	Rotating Beacon	Rotating Beacon	OPS
OPS APPROACH	NONE	VEE	
RUNWAY END COORDINATES (NAD 83)	Latitude 34° 15' 15.11" N Longitude 111° 27' 51.22" W	Latitude 34° 15' 15.11" N Longitude 111° 27' 51.22" W	
RUNWAY 8	Latitude 34° 15' 31.12" N Longitude 111° 15' 45.54" W	Latitude 34° 15' 31.12" N Longitude 111° 15' 45.54" W	
RUNWAY 24	Latitude 34° 15' 31.12" N Longitude 111° 15' 45.54" W	Latitude 34° 15' 31.12" N Longitude 111° 15' 45.54" W	

BUILDINGS/FACILITIES		
EXISTING	ULTIMATE	DESCRIPTION
1	20	PAYSON HANGAR ONE
2	20	ADMINISTRATION/TERMINAL BUILDING
3	20	MAINTENANCE/STORAGE
4	20	RESTAURANT
5	20	HELIPAD
6	20	NON-DIRECTIONAL BEACON (NDB)
7	20	CAMPGROUND/RESTROOMS SHOWER FACILITIES
8	20	FUEL STORAGE
9	20	HANGAR
10	20	SHADE HANGAR
11	20	FIXED BASE OPERATION HANGAR
12	20	AIRPORT RESCUE AND FIREFIGHTING AFFF
13	20	ELECTRICAL VAULT

LEGEND		
EXISTING	ULTIMATE	DESCRIPTION
-----	-----	ABANDONED PAVEMENT To be Removed
-----	-----	AIRPORT PROPERTY LINE
-----	-----	AIRPORT REFERENCE POINT APT
-----	-----	AIRPORT ROTATING BEACON
-----	-----	AVIGATION BASEMENT
-----	-----	BUILDING ABANDONMENT To be Removed
-----	-----	BUILDING CONSTRUCTION
-----	-----	DRAINAGE
-----	-----	FACILITY CONSTRUCTION
-----	-----	FENCING
-----	-----	SECTION CORNER
-----	-----	TOPOGRAPHY
-----	-----	WIND INDICATOR (Lined)

GENERAL NOTES:

1. This drawing is prepared in accordance with the standards of the International Association of Airport Consultants (IAAC) and the Federal Aviation Administration (FAA).

2. The design of this airport is based on the existing conditions and the requirements of the FAA Part 77.

3. The design of this airport is based on the existing conditions and the requirements of the FAA Part 77.

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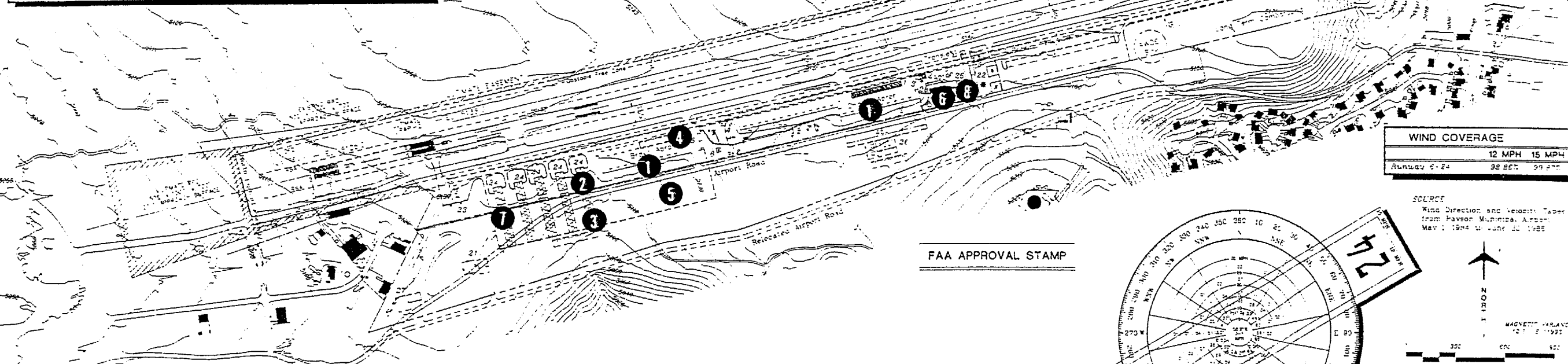
6. The design of this airport is based on the existing conditions and the requirements of the FAA Part 77.

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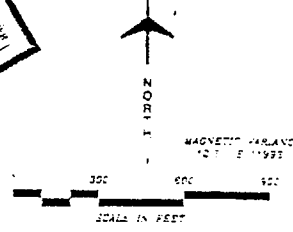
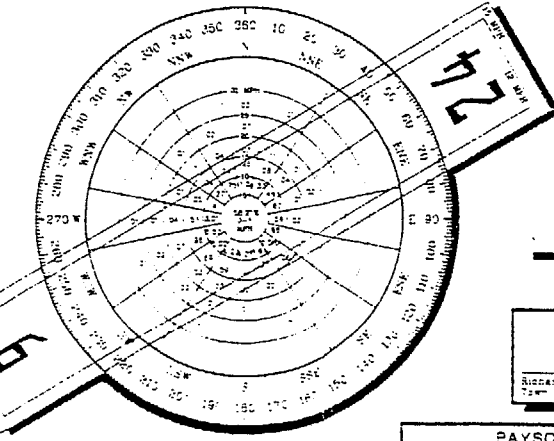
9. The design of this airport is based on the existing conditions and the requirements of the FAA Part 77.

10. The design of this airport is based on the existing conditions and the requirements of the FAA Part 77.



WIND COVERAGE		
	12 MPH	15 MPH
Runway 8-24	98.85%	99.85%

SOURCE:
Wind Direction and Velocity Taken from Payson Municipal Airport
May 1, 1964 to June 30, 1965



FAA APPROVAL STAMP

MODIFICATIONS FROM FAA AIRPORT DESIGN STANDARDS			
STANDARD MODIFIED	DESCRIPTION	AIRSPACE CASE NUMBER	APPROVAL DATE
None			

DEVIATIONS FROM FAA AIRPORT DESIGN STANDARDS				
DEVIATION DESCRIPTION	EFFECTED DESIGN STANDARD	STANDARD	EXISTING	PROPOSED DISPOSITION

THRESHOLD SITING SURFACE OBJECT PENETRATIONS		
OBJECT	PENETRATION	DISPOSITION
NONE		

OBSTACLE FREE ZONE (OFZ) OBJECT PENETRATIONS		
OBJECT	PENETRATION	DISPOSITION
NONE		

PAYSON MUNICIPAL AIRPORT
12-1

AIRPORT LAYOUT DRAWING

Payson, Arizona

PLANNED BY: *Richard J. Anderson*
DETAILED BY: *James J. Anderson*
APPROVED BY: *James J. Anderson*

NO. _____ REVISIONS _____ DATE _____ BY _____

1-127 SHEET 1 OF 6

Goffman Associates
Airport Consultants

SITE DATA:

The reader is directed to the accompanying exhibit which reflects the location of the subject parcels. Please note that the exhibit is a preliminary master plan for the Payson Municipal Airport and, according to master plan engineers, is subject to change.

Subject Property One is the tiedown spaces located within the area of Bravo Apron and Charlie Apron in several locations on the airport proper. For purposes of this report, the tiedown spaces are considered to accommodate a single engine aircraft. Our rental study will consider the indicated monthly rent for an individual tiedown space. Current monthly rent for a typical tiedown space is \$22.50.

Subject Property Two is space in a proposed T-hangar facility to be built in an area south of the runway system and west of existing development. No building plans were provided for this hangar development. Therefore, we have assumed that each aircraft storage space would contain about 1,000 square feet of area. This analysis will consider the indicated monthly rent for an individual bay for a single engine aircraft within the proposed 10 unit T-hangar facility. Currently there are no municipal owned T-hangar facilities within the subject airport proper.

Subject Property Three is the storage space area on each end of the planned T-hangar facility. This space is not usable for aircraft storage. Our analysis will consider the indicated monthly rent for this individual storage space. Currently there are no municipal owned T-hangar facilities within the subject airport proper.

Subject Property Four is a proposed shadeport facility for small twin engine aircraft which is being considered for development by airport management to be located on Bravo Apron. Our analysis will consider the typical indicated monthly rent for shadeport space at the subject airport facility.

Subject Property Five is a proposed 2,500 square foot box hangar for storage of larger aircraft which is being considered for development by airport management. A specific location on the airport has not yet been chosen. Our analysis will consider the typical indicated monthly rent for this box hangar space at the subject airport facility.

Subject Property Six is the ground lease site which contains the Crosswinds Restaurant. According to measurements taken by these appraisers, the restaurant occupies about 3,500 square feet of land area. This property is located south of the existing runway/taxiway system and east of the existing condo hangar facility.

Subject Property Seven is a typical ground lease site for a proposed T-hangar facility, about 10,400 square feet in size. This proposed facility is located south of the runway/taxiway system and west of existing development. It should be noted that

portions of this proposed facility are situated on land which is planned for purchase by the City of Payson for airport expansion.

Subject Property Eight is a planned fixed base operator ground lease site of about 1,200 square feet in size. This planned fixed base operator facility is located adjacent east of the existing restaurant site, south of the runway/taxiway system and west of the proposed helipad and Echo Apron tie down area.

IMPROVEMENT DATA:

Subject Property One are the tie down facilities at the subject airport. The tie down areas are improved with asphalt paving and aircraft tie down hardware in good condition.

Subject Property Two is space in a planned single engine T-hangar facility. No building plans were provided. However, for this analysis we have assumed that each space in this planned facility will contain about 1,000 square feet of aviation storage area and will be about 12 feet in height. We have also assumed that the construction materials will be typical for T-hangar buildings, ie, metal frame, siding and roofing, non-insulated and non-heated or cooled. We also understand that the space will be provided with electric lighting and one electrical outlet. Since the improvements are planned for development they are assumed to be in good condition.

Subject Property Three is the storage space at each end of Subject property Two. This space is created by the configuration of the T-hangar. The construction features for this storage space is the same for Subject Property Two.

Subject Property Four is space within the planned covered tie down or T-shade area of the airport. No building plans for these planned improvements were provided. We assume that the size of this planned covered aircraft storage area is similar to that found at other airports for accommodating a small twin engine aircraft. We also assume metal construction materials, standard in the industry. These improvements are planned for development and are assumed to be in good condition.

Subject Property Five is a proposed 2,500 square foot box hangar with dimensions of about 50' by 50'. Again, no building plans were provided and we have assumed that the construction materials will be typical for box hangar buildings, i.e., metal frame, siding and roofing, non-insulated and non-heated or cooled. Typically the hangar would be provided with electric lighting and an electrical outlet. Since the improvements are planned for development they are assumed to be in good condition.

Subject Property Six is the annual rental rate for the existing restaurant ground lease site. This site is currently improved with a restaurant facility in good condition which

6901-97 - 6

is owned by the land tenant. This analysis addresses only the value of the underlying land associated with this site.

Subject Properties Seven and Eight: There are no improvements associated with these subject parcels.

HIGHEST AND BEST USE:

The subject properties are either existing or are planned for development within the subject Payson Municipal Airport. Due to their location within the subject airport, the highest and best use is for aviation related use.

CONCLUDED VALUE: As noted earlier, the methodology utilized for the subject properties was to arrive at the rental value via a rental comparison analysis of similar airport properties.

Based on the information and data gathered, it is our opinion that the estimated rental values of the Subject Properties as of November 3, 1997 is as follows:

SUBJECT PROPERTY ONE:

ESTIMATED MONTHLY RENT FOR SINGLE ENGINE AIRCRAFT
TIE DOWN SPACE \$30

SUBJECT PROPERTY TWO:

ESTIMATED MONTHLY RENT FOR SINGLE ENGINE T-HANGAR SPACE . . . \$200

SUBJECT PROPERTY THREE:

ESTIMATED MONTHLY RENT FOR STORAGE AREA IN T-HANGAR \$30

SUBJECT PROPERTY FOUR:

ESTIMATED MONTHLY RENT FOR TWIN ENGINE AIRCRAFT IN SHADEPORT \$65

SUBJECT PROPERTY FIVE:

ESTIMATED MONTHLY RENTAL RATE FOR 2,500 SQ.FT. BOX HANGAR . . \$730

SUBJECT PROPERTY SIX:

ESTIMATED ANNUAL RENTAL RATE FOR RESTAURANT GROUND
LEASE SITE ON A TRIPLE NET BASIS \$1,800

SUBJECT PROPERTY SEVEN:

ESTIMATED ANNUAL RENTAL RATE FOR T-HANGAR GROUND
LEASE SITE ON A TRIPLE NET BASIS \$3,850

SUBJECT PROPERTY EIGHT:

ESTIMATED ANNUAL RENTAL RATE FOR A PLANNED FBO
GROUND LEASE SITE ON A TRIPLE NET BASIS \$2,040

In addition to the general assumptions and limiting conditions attached hereto, the value estimate is subject to the following specific assumptions and limiting conditions:

- 1) As agreed upon with the client prior to the preparation of this appraisal, this is a Limited Appraisal because it invokes the Departure Provision of the Uniform Standards of Professional Appraisal Practice. As such, information pertinent to the valuation has not been considered and/or the full valuation process has not been applied. Depending on the type and degree of limitations, the reliability of the value conclusion provided herein may be impacted;
- 2) This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standard 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report;
- 3) No land surveys were provided. According to information provided by the client, the size for the subject sites are 3,500 square feet for Subject Property Six, 10,400 square feet for Subject Property Seven and 12,000 square feet for Subject Property Eight. These sizes are assumed to be correct and reliable;

- 4) These appraisers were not provided with any environmental and/or land use history studies for the subject properties. The existence of hazardous material has been considered; however, we are not qualified to detect such substances or materials. We assume that no such materials adversely affect the utility, usability, or developability of the property. Unless otherwise stated within our report, the existence of hazardous material may or may not be present within or on the property. The presence of potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If at a later time hazardous materials and/or substances or discovered, we reserve the right, for an additional agreed upon fee, to re-analyze and re-appraise said property, taking into account the discovery of such factor and its effect on the value of the subject property; and,

- 5) The terms of value used herein are cash.

CHANGES IN ANY OF THE ABOVE CONDITIONS MAY AFFECT THE RENTAL VALUE ESTIMATES OF THE SUBJECT PROPERTIES. WE RESERVE THE RIGHT TO REAPPRAISE THE SUBJECT PROPERTIES FOR AN ADDITIONAL FEE, IF ANY OF THE ABOVE CONDITIONS CHANGE.

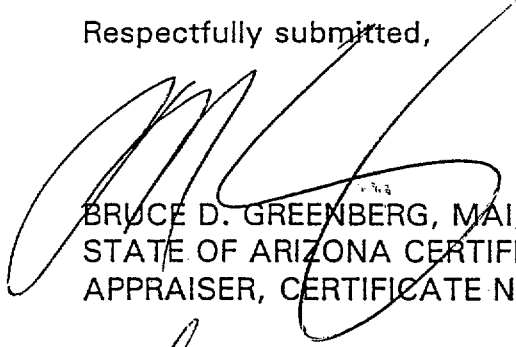
Again, this appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice by the Appraisal Foundation as well as the requirements of the American Society of Appraisers.

We hereby certify that Bruce D. Greenberg and Suzanne Boyer have inspected the subject properties; that our fee was not contingent upon the value estimates contained herein; and that we have no interest present or prospective, in the properties appraised. Furthermore, we certify that, to the best of our knowledge and belief, all statements and opinions contained in this report are correct, subject to the assumptions, limiting conditions and certification which are made a part of this report.

6901-97 - 9

Your attention is directed to the data and discussions contained within this report and to the exhibits, which are pertinent.

Respectfully submitted,



BRUCE D. GREENBERG, MAI, SRA, ASA
STATE OF ARIZONA CERTIFIED REAL ESTATE
APPRAISER, CERTIFICATE NUMBER 30031



SUZANNE BOYER
ASSOCIATE APPRAISER

BDG:ss

APPRAISER'S CERTIFICATION

WE HEREBY WARRANT AND CERTIFY THAT:

We have no present or contemplated future interest in the real estate that is the subject of this appraisal report and, further, that we have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

Our compensation for this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

We have made a personal inspection of the subject property.

No one other than the undersigned formed the analyses, conclusions, and opinions concerning real estate that are set forth in this appraisal report, unless such participation by another party is indicated by the co-signing of this report by such other party.

To the best of my knowledge and belief, all statements of fact contained in this appraisal report, which are used as the basis of our analyses, opinions, and conclusions, are true and correct.

Each finding, prediction, assumption, or conclusion contained in this report is my personal opinion and is not an assurance that an event will or will not occur.

All of the limiting conditions imposed by the terms of our assignment or by the undersigned affecting the analyses, opinions, and conclusions are set forth in this report.

With respect to data provided by the client, we shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to me.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice, the Code of Professional Ethics of the Appraisal Institute, and the Standards of Professional Appraisal Practice of the Appraisal Institute. additionally, this report conforms with requirements of the american Society of Appraisers.

I, Bruce D. Greenberg, MAI, SRA, am currently certified under the voluntary continuing education program of the Appraisal Institute.

Based on the information and data gathered, it is our opinion that the estimated rental values of the Subject Properties, as of November 3, 1997 are as follows:

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TIE DOWN SPACE \$30

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SUBJECT PROPERTY SEVEN:

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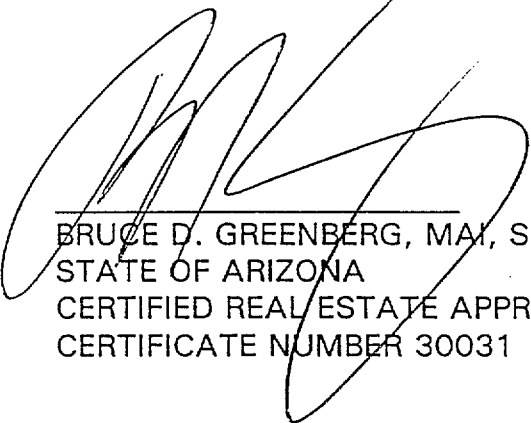
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taking into account the discovery of such factor and its effect on the value of the subject property; and,

5) The terms of value used herein are cash.

CHANGES IN ANY OF THE ABOVE CONDITIONS MAY AFFECT THE RENTAL VALUE ESTIMATES OF THE SUBJECT PROPERTIES. WE RESERVE THE RIGHT TO REAPPRAISE THE SUBJECT PROPERTIES FOR AN ADDITIONAL FEE, IF ANY OF THE ABOVE CONDITIONS CHANGE.



BRUCE D. GREENBERG, MAI, SRA, ASA
STATE OF ARIZONA
CERTIFIED REAL ESTATE APPRAISER
CERTIFICATE NUMBER 30031



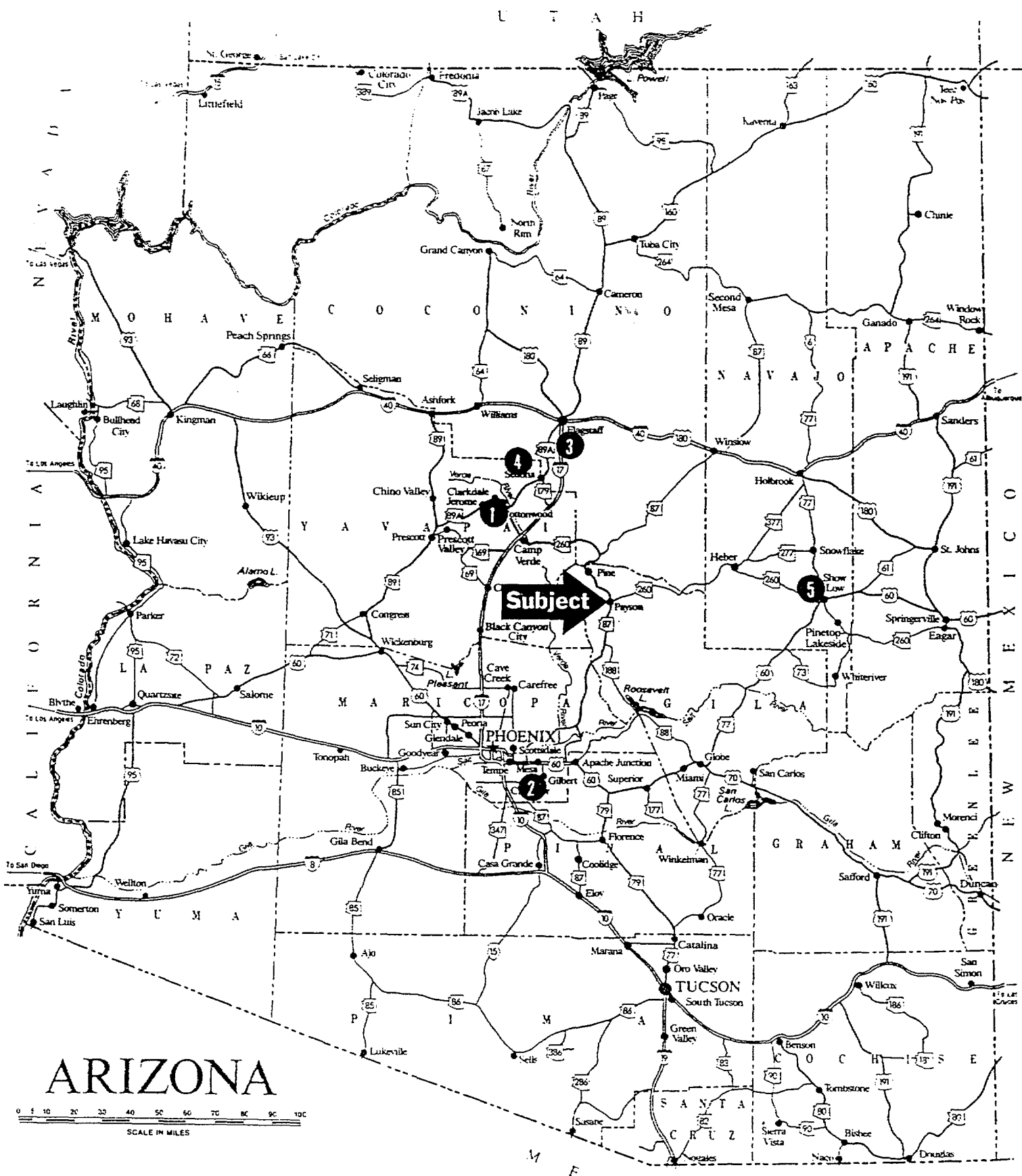
SUZANNE BOYER
ASSOCIATE APPRAISER

6901-97 - 14

ADDENDUM

RENTAL ANALYSIS FOR SUBJECT PROPERTY 1, MONTHLY SINGLE ENGINE TIE DOWN SPACETABULATION OF COMPARABLE TIE DOWN SPACE

<u>RENTAL NUMBER</u>	<u>AIRPORT NAME</u>	<u>LEASE RATE PER MONTH</u>	<u>TYPICAL LEASE TERM</u>
1	COTTONWOOD MUNICIPAL	\$25.00 ₀₀	Month-to-Month
2	FALCON FIELD	\$37.00	Month-to-Month
3	FLAGSTAFF - PULLIAM	\$30.00	Month-to-Month
4	SEDONA AIRPORT	\$35.00	Month-to-month
5	SHOW LOW MUNICIPAL	\$30.00	Month-to-month
	THE SUBJECT	\$22.50	Month-to-Month



Comparable Rentals

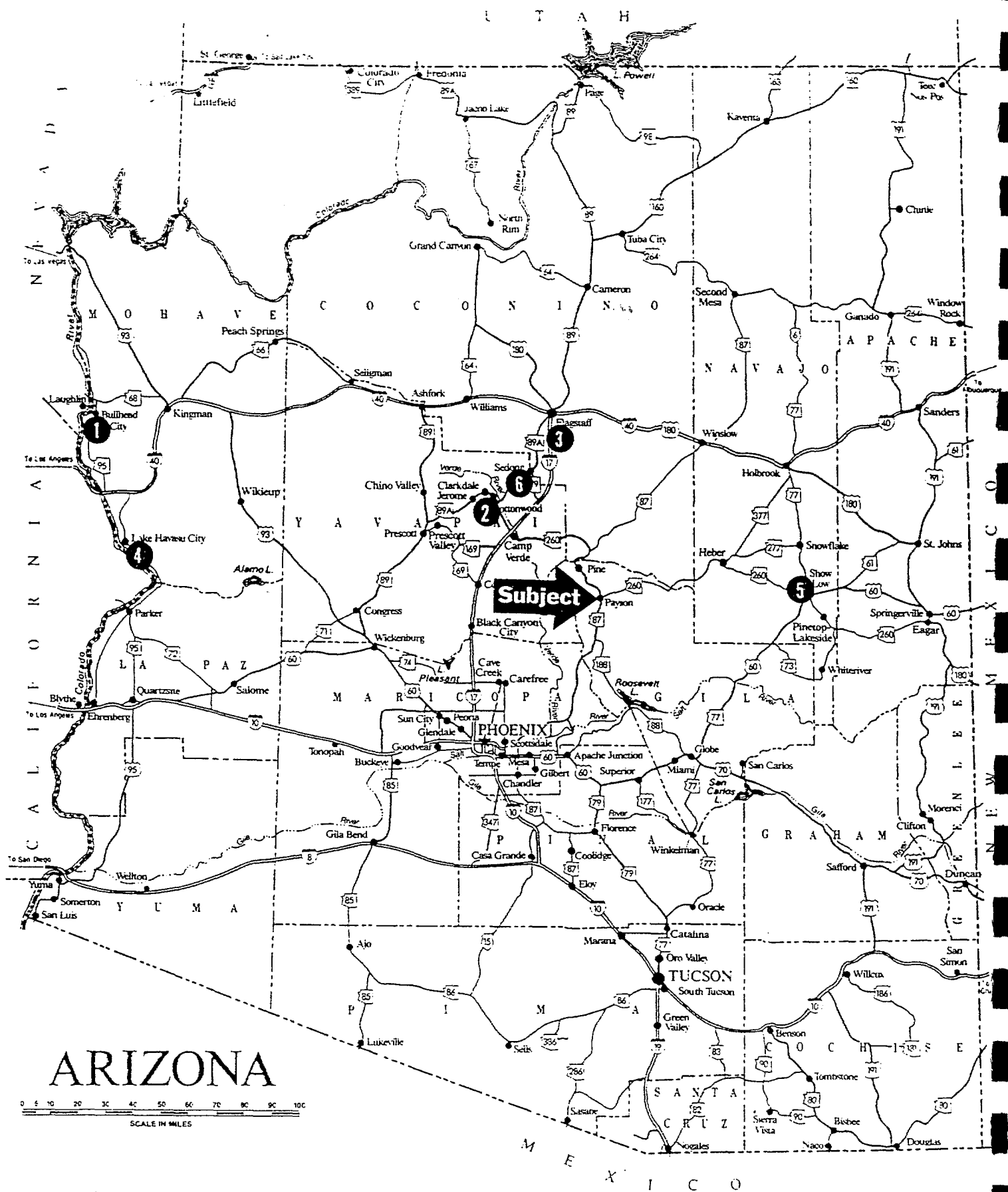
ADJUSTMENT CHART FOR TIE-DOWN SPACE - MONTHLY RENTAL RATES - SINGLE ENGINE

	<u>COTTONWOOD</u>	<u>FALCON FIELD</u>	<u>FLAGSTAFF</u>	<u>SEDONA</u>	<u>SHOW LOW</u>
Rental/Unit/Month	\$25.00	\$37.00	\$30.00	\$35.00	\$30.00
Property Rights	0	0	0	0	0
Conditions of Rental	0	0	0	0	0
Market Conditions	0	0	0	0	0
Economic Conditions	0	0	0	0	0
Indicated Rental	\$25.00	\$37.00	\$30.00	\$35.00	\$30.00
B-21 Location	+	-	-	-	0
Size	0	0	0	0	0
Overall Adjustment	More than \$25.00	Less than \$37.00	Less than \$30.00	Less than \$35.00	About \$30.00

Based on the data presented, the indicated rental for single engine aircraft tie down space is \$30 per month.

RENTAL ANALYSIS FOR SUBJECT PROPERTY 2, MONTHLY SINGLE ENGINE T-HANGAR SPACETABULATION OF COMPARABLE T-HANGAR SPACE

<u>RENTAL NUMBER</u>	<u>AIRPORT NAME</u>	<u>LEASE RATE PER MONTH - SINGLE</u>	<u>TYPICAL LEASE TERM</u>
1	BULLHEAD/LAUGHLIN	\$236	Month-to-Month
2	COTTONWOOD MUNICIPAL	N/A	N/A
3	FLAGSTAFF - PULLIAM	\$215	Month-to-Month
4	LAKE HAVASU CITY	\$330	Month-to-Month
5	SHOW LOW MUNICIPAL	\$185	Month-to-Month
6	SEDONA AIRPORT	\$212	Month-to-Month
	SUBJECT	N/A	



Comparable Rentals

ADJUSTMENT GRID FOR SINGLE ENGINE T-HANGARS

	<u>BULLHEAD</u>	<u>FLAGSTAFF</u>	<u>LAKE HAVASU</u>	<u>SHOW LOW</u>	<u>SEDONA</u>
Rental/Unit/Month	\$236	\$215	\$330	\$185	\$212
Property Rights	o	o	o	o	o
Conditions of Rental	o	o	o	o	o
Market Conditions	o	o	o	o	o
Economic Conditions	o	o	o	o	o
Indicated Rental	\$236	\$215	\$330	\$185	\$212
Location	-	-	-	o	-
Size	o	o	o	o	o
Overall Adjustment	Less than \$236	Less than \$215	Less than \$330	About \$185	Less than \$212

Note 1: (-) represents superior, thus downward adjustment;
 (+) represents inferior, thus upward adjustment;
 (o) represents similar, thus no adjustment.

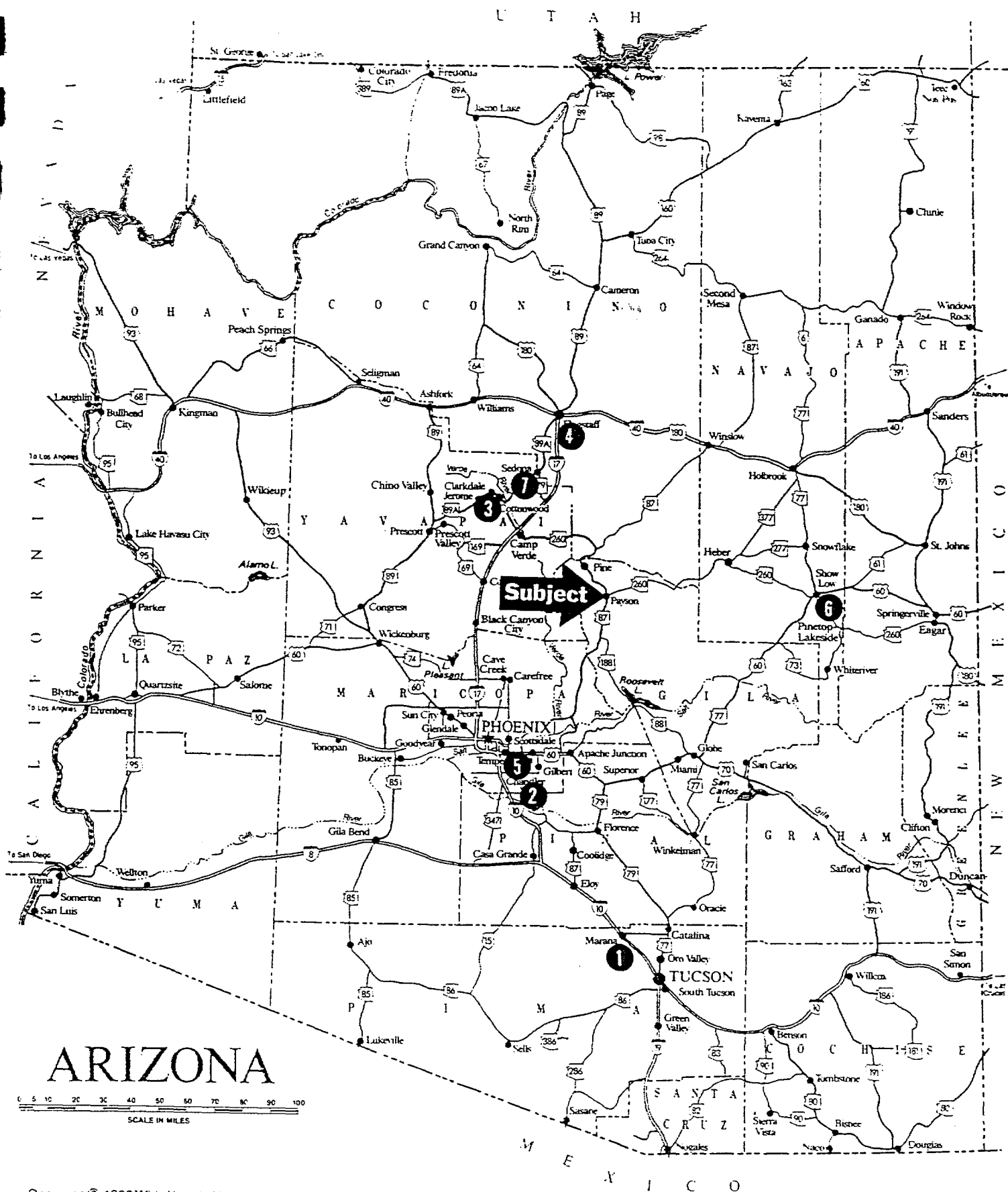
Note 2: The first four adjustments are made sequentially, while the adjustments for location and physical characteristics are made in the aggregate.

Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

Based on the comparable data the monthly indicated rental rate for a single engine T-hangar space of about 1,000 square feet is \$200.

RENTAL ANALYSIS FOR SUBJECT PROPERTY 3, STORAGE SPACE IN T-HANGARTABULATION OF COMPARABLE T-HANGAR STORAGE SPACE

<u>RENTAL NUMBER</u>	<u>AIRPORT NAME</u>	<u>LEASE RATE PER MONTH - SINGLE</u>	<u>TYPICAL LEASE TERM</u>
1	AVRA VALLEY AIRPORT	\$110	Month-to-Month
2	CHANDLER MUNICIPAL AIRPORT	\$30	Month-to-Month
3	COTTONWOOD MUNICIPAL	N/A	N/A
4	FLAGSTAFF - PULLIAM	\$20	Month-to-Month
5	FALCON FIELD	\$40	Month-to-Month
6	SHOW LOW MUNICIPAL	N/A	N/A
7	SEDONA AIRPORT	\$90	20 years with CPI increases
	SUBJECT	N/A	



ADJUSTMENT GRID FOR STORAGE SPACE IN T-HANGARS

	<u>Avra Valley</u>	<u>Chandler</u>	<u>Falcon Field</u>	<u>Flagstaff</u>	<u>Sedona</u>
Rental/Unit/Month	\$110	\$30	\$40	\$20	\$90
Property Rights	o	o	o	o	o
Conditions of Rental	o	o	o	o	o
Market Conditions	o	o	o	o	o
Economic Conditions	o	o	o	o	o
Indicated Rental	\$110	\$30	\$40	\$20	\$90
Location	-	-	-	o	-
Size	o	o	o	o	o
Overall Adjustment	Less than \$110	Less than \$30	Less than \$40	About \$20	Less than \$90

Note 1: (-) represents superior, thus downward adjustment;
 (+) represents inferior, thus upward adjustment;
 (o) represents similar, thus no adjustment.

Note 2: The first four adjustments are made sequentially, while the adjustments for location and physical characteristics are made in the aggregate.

Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

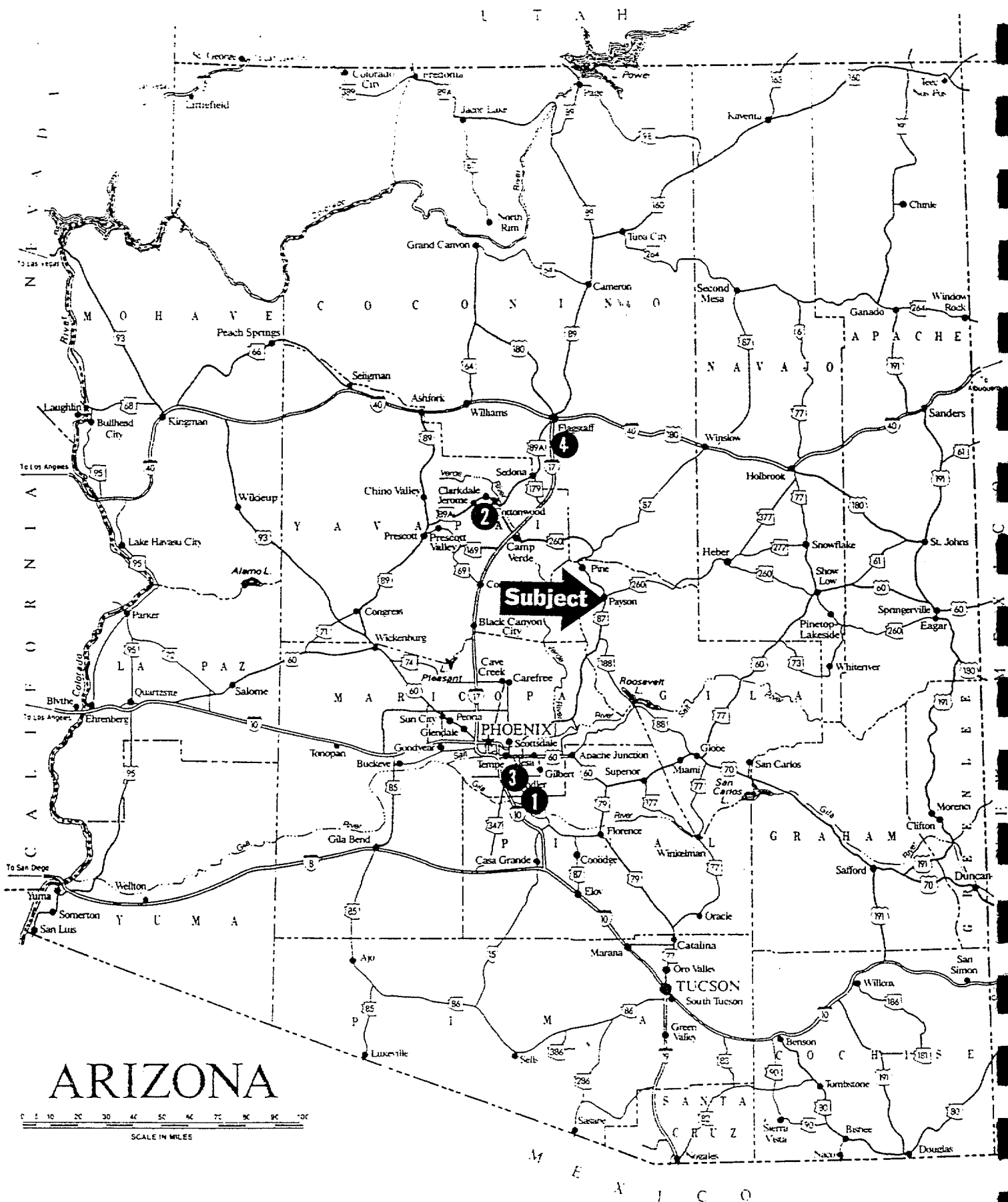
The reader will note that the rates charged by competitive airports for the T-hangar storage areas are "all over the board". Aside from locational adjustments, the rents range from \$20 to \$110 per month. Avra Valley at \$110 commands a high price due to lack of alternative storage facilities in the area. Sedona has leased their space to a commercial user at \$90 per month. Self storage facilities in the Payson area charge \$70 ± per month for comparable size storage space. This data sets an upper rental value limit for the subject space. The balance of the comparables which are more comparable with the subject are between \$20 and \$40 per month. Therefore, based on this data we feel \$30 per month is a reasonable rent for the subject storage space within the proposed T-hangar facility.

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RENTAL ANALYSIS FOR SUBJECT PROPERTY 4, SHADE HANGAR SPACE

TABULATION OF COMPARABLE SHADE HANGAR SPACE

<u>RENTAL NUMBER</u>	<u>AIRPORT NAME</u>	<u>LEASE RATE PER MONTH - SMALL TWIN</u>	<u>TYPICAL LEASE TERM</u>
1	CHANDLER MUNICIPAL	\$85	Month-to-Month
2	COTTONWOOD MUNICIPAL	\$65	Month-to-Month
3	FALCON FIELD	\$74	Month-to-Month
4	FLAGSTAFF - PULLIAM	\$65	Month-to-Month
	SUBJECT	N/A	N/A



ADJUSTMENT GRID FOR SHADE HANGAR SPACE

	<u>Chandler</u>	<u>Cottonwood</u>	<u>Falcon Field</u>	<u>Flagstaff</u>
Rental/Unit/Month	\$85	\$65	\$74	\$65
Property Rights	o	o	o	o
Conditions of Rental	o	o	+	+
Market Conditions	o	o	o	o
Economic Conditions	o	o	o	o
Indicated Rental	\$85	\$65	\$74	\$65
Location	-	+	-	o
Size	o	o	o	o
Overall Adjustment	Less than \$85	More than \$65	Less than \$74	Less than \$65

Note 1: (-) represents superior, thus downward adjustment;
 (+) represents inferior, thus upward adjustment;
 (o) represents similar, thus no adjustment.

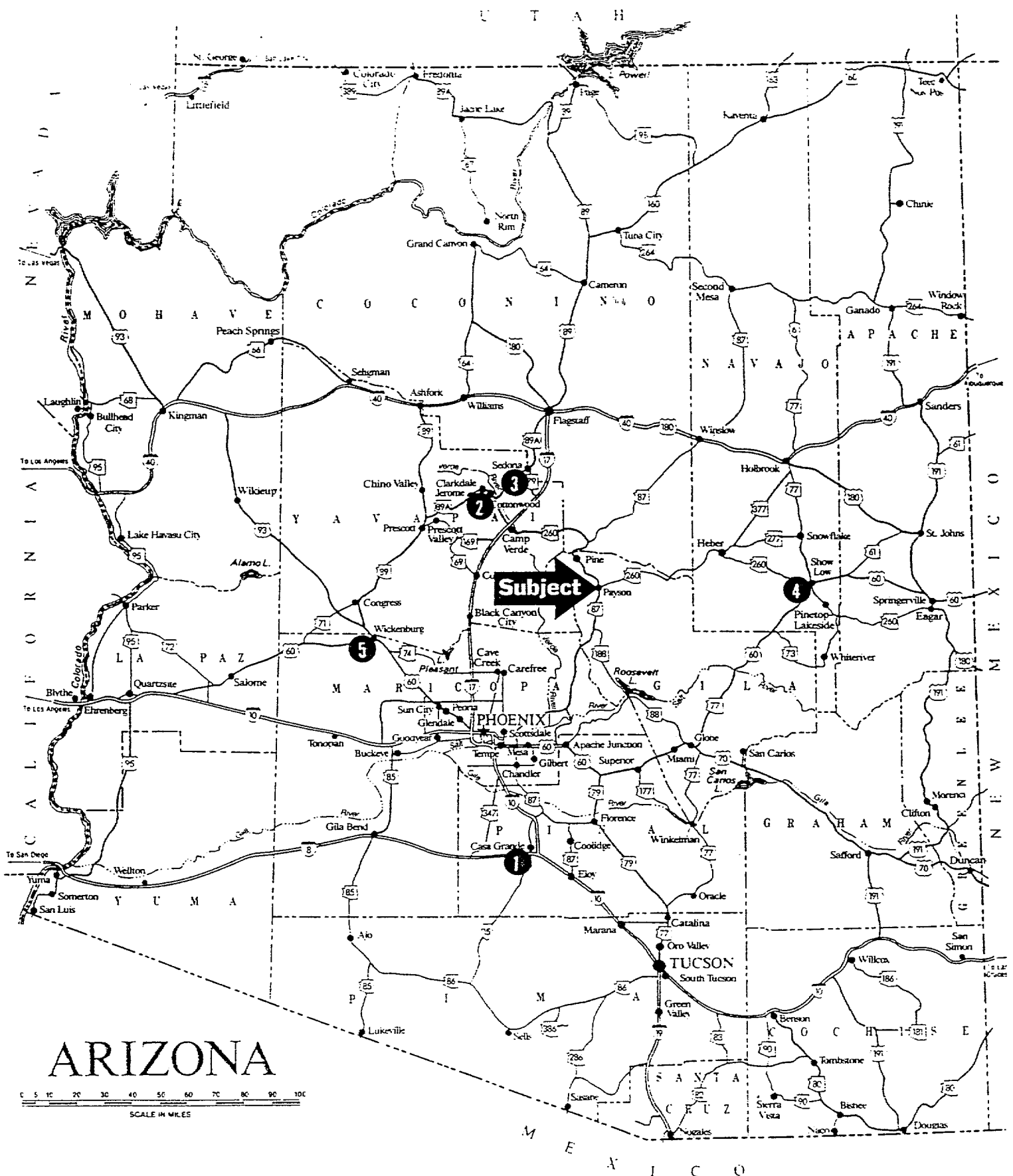
Note 2: The first four adjustments are made sequentially, while the adjustments for location and physical characteristics are made in the aggregate.

Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

Based on the data presented the monthly indicated rental rate for shade hangar space is \$65.

RENTAL ANALYSIS FOR SUBJECT PROPERTY 5, A PLANNED 2,500 SQ.FT. BOX HANGARTABULATION OF COMPARABLE HANGAR SPACE

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA BUILDING SIZE IN SQUARE FEET</u>	<u>YEAR BUILT RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM OPTIONS</u>	<u>LEASE TERMS - COMMENTS</u>
1	<u>CASA GRANDE MUNICIPAL AIRPORT</u> Desert Aero Center FBO - hangar	3,600	1975 Yes	\$2.24 10/94	5 years plus 1 - 5 year option	Annual CPI adjustments.
2	<u>COTTONWOOD MUNICIPAL AIRPORT</u> Cottonwood Air Service FBO hangar - no office space	2,755	1987 Yes	\$4.16 1988	20 years None	Hangar heated and cooled. CPI increases every 5 years, lease to be renegotiated at end of term. Tenant pays \$0.02/gal fuel fee and receives tie down income.
3	<u>SEDONA AIRPORT</u> 8 box hangars leased to various private individuals	1,848	1985 Yes	\$2.52 1996/1997	2 years None	CPI increases annually, to be renegotiated at end of lease term.
4	<u>SHOW LOW MUNICIPAL AIRPORT</u> Medical Express Aircraft storage hangar.	9,000	1994	\$3.39	12 years	Lease to be renegotiated at end of term. Rent is plus \$750/year airport user fee.
5	<u>WICKENBURG MUNICIPAL AIRPORT</u> Avart Aviation painting service Includes 2 enclosed hangars, 2,500 and 3,000 s.f., one shade hangar, 2,500 s.f. and 9,180 s.f. unpaved aircraft parking area.	8,270	1972 Yes	\$1.21 1989	10 years plus 1 - 10 year option	Level rent to be renegotiated at end of first lease (1999). Rent includes hangars as well as office and unpaved parking area.
	<u>SUBJECT PROPOSED HANGAR(S)</u>	2,500	--	--	--	--



SUBJECT PROPERTY 5 - ADJUSTMENT CHART

	<u>Casa Grande</u>	<u>Cottonwood</u>	<u>Sedona</u>	<u>Show Low</u>	<u>Wickenburg</u>
Annual rental per sq.ft.	\$2.25	*\$4.16	\$2.52	\$3.39	\$1.21
Property Rights	o	o	o	o	o
Conditions of Rental	o	-/-	o	o	o
Market Conditions	+	+	+	+	+
Overall adjustment	+	-	+	+	+
Indicated rental/s.f.	+\$2.25	*-\$4.16	+\$2.52	+\$3.39	+\$1.21
Location	+	+	-	o	+
Size	o	o	o	+	+
Overall Adjustment	+	-	-	+	+
Indicated rental s.f.	More than \$2.25	Less than *\$4.16	About \$2.52	More than \$3.39	More than \$1.21

Note 1: (-) represents superior, thus downward adjustment;
 (+) represents inferior, thus upward adjustment;
 (o) represents similar, thus no adjustment.

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Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

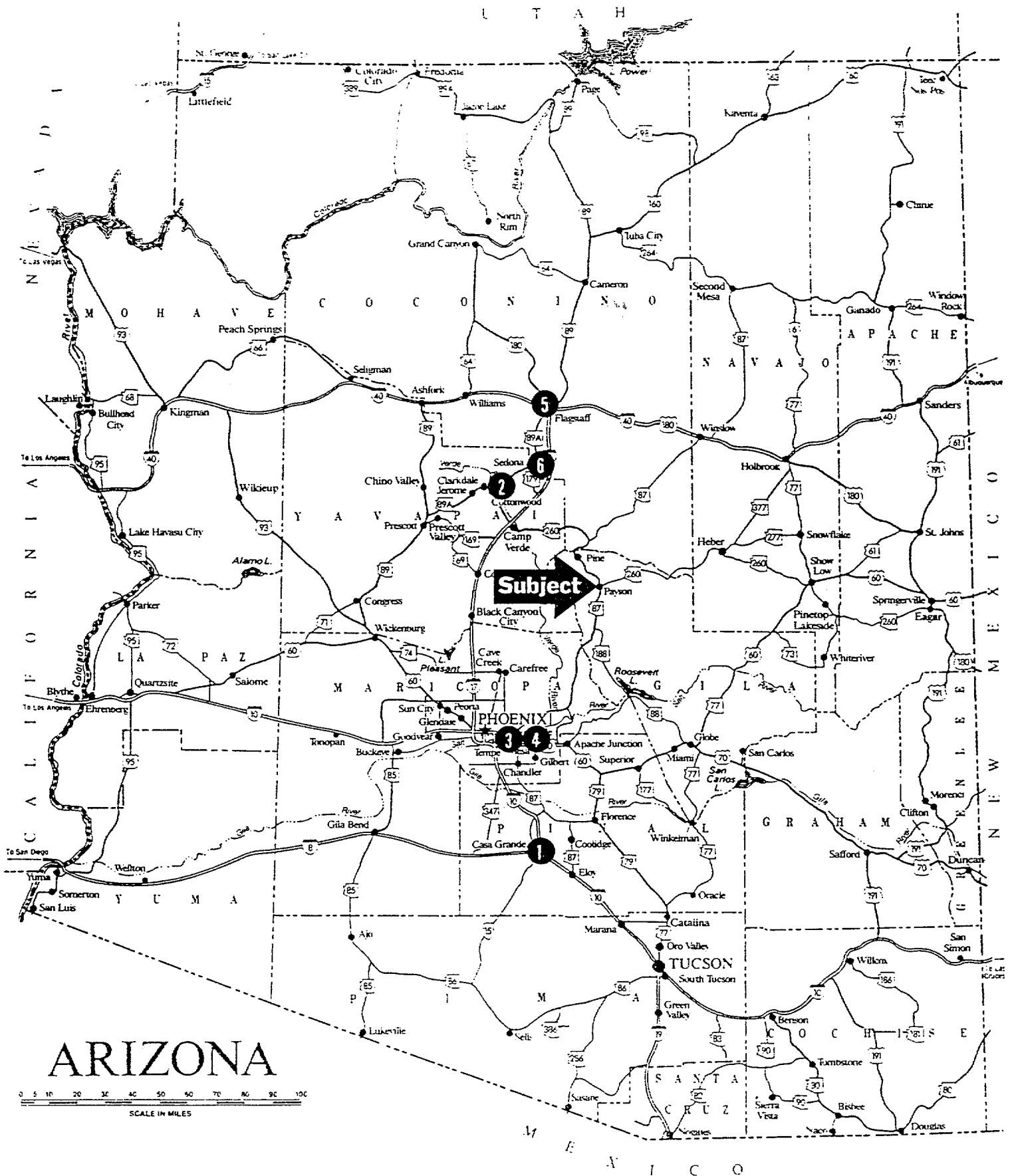
* The FBO tenant has the benefit of the daily and monthly tie-down income as well as use of the terminal space, therefore this comparable sets the uppermost rental value limit.

Indicated rental is more than \$3.39 and less than \$4.16 per square foot, say \$3.50 per square foot per year. Therefore the annual rental is \$3.50 times 2,500 or \$8,750 annually, divided by 12 equals \$729, say \$730 per month. It should be noted that with the exception of Sedona, all of the comparables are being utilized for commercial aviation related use.

RENTAL ANALYSIS FOR SUBJECT PROPERTY 6 - THE RESTAURANT GROUND LEASE SITETABULATION OF COMPARABLE GROUND LEASE DATA

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA SQUARE FEET</u>	<u>RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>CASA GRANDE MUNICIPAL AIRPORT</u>					
1	Three private aircraft hangar sites leased to individuals.	2,000 to 4,800 s.f. s.f. land	Yes	\$0.20 1989-1996	15 years plus 1 - 5 year option	Rent started at \$0.16/sf/yr with \$0.04 increase every 5 years. Currently in first increase, next increase 1998.
	<u>COTTONWOOD MUNICIPAL AIRPORT</u>					
2	Larry Green Private aircraft hangar site	10,000	Yes	\$0.30 Nov., 1995	25 years plus 1 - 15 year option	Improvements revert to city at end lease & option term. No escalator.
	<u>FALCON FIELD</u>					
B-34 3	Anzio Landing Restaurant Site includes restaurant and parking area.	87,120 2 acres	Yes	\$0.15 1988	50 years no options	Rent increases of 4% per year adjusted every 5 years. Next adjustment 3/98. Site is accessible from taxiway.
4	Falcon's Roost Site includes restaurant and parking area.	34,500	No .79 acre	\$0.10 1989	35 years	Rent increases of 4% per year adjusted every 5 years. Next adjustment, 11/99. No taxiway
	<u>FLAGSTAFF - PULLIAM</u>					
5	Peabody Coal Co. Hangar	16,200 0.37	Yes	\$0.19 June, 1992	20 years with 1 - 10 year option	Original lease rate is \$0.19/sf/yr. Lease calls for CPI adjustments every 4 years, however, no rent increases have occurred - current rate is \$0.19.

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA SQUARE FEET</u>	<u>RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>SEDONA AIRPORT</u>					
6	Sedona Airport Restaurant Includes parking area of unknown size	3,036	No	\$2.37 avg. (1 % of gross) 1976	30 years No options	Older lease - no increases. Lease terms will not be renewed at expiration. Average income is \$7,200per year.
	<u>SUBJECT PAYSON MUNICIPAL AIRPORT</u>					
	Crosswinds Restaurant Access to site includes airport owned vehicle parking and aircraft tie down.	3,500	Yes	\$0.51	10 years plus 2 - 5 year options	Level rent for term of lease. Tenant has first right of refusal to meet bid for space in proposed terminal building.



SUBJECT PROPERTY 6 - ADJUSTMENT CHART

	<u>Casa Grande</u>	<u>Cottonwood</u>	<u>Falcon Field</u>	<u>Flagstaff</u>	<u>Sedona</u>
Annual rental per sq.ft.	\$0.20	\$0.30	\$0.15	\$0.19	\$2.37
Property Rights	o	o	o	o	o
Conditions of Rental	o	o	o	o	o
Market Conditions	+	+	+	+	+
Overall adjustment	+	+	+	+	+
Indicated rental/s.f.	+\$0.20	+\$0.30	+\$0.15	+\$0.19	+\$2.37
Location	+	+	-	-	-
Size	o	+	+	+	o
Views	o	o	o	o	-
Overall Adjustment	+	+	o	+	-
Indicated rental/s.f.	More than +\$0.20	More than +\$0.30	More than \$0.15	More than \$0.19	Less than \$2.37**

Note 1: (-) represents superior, thus downward adjustment;
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Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

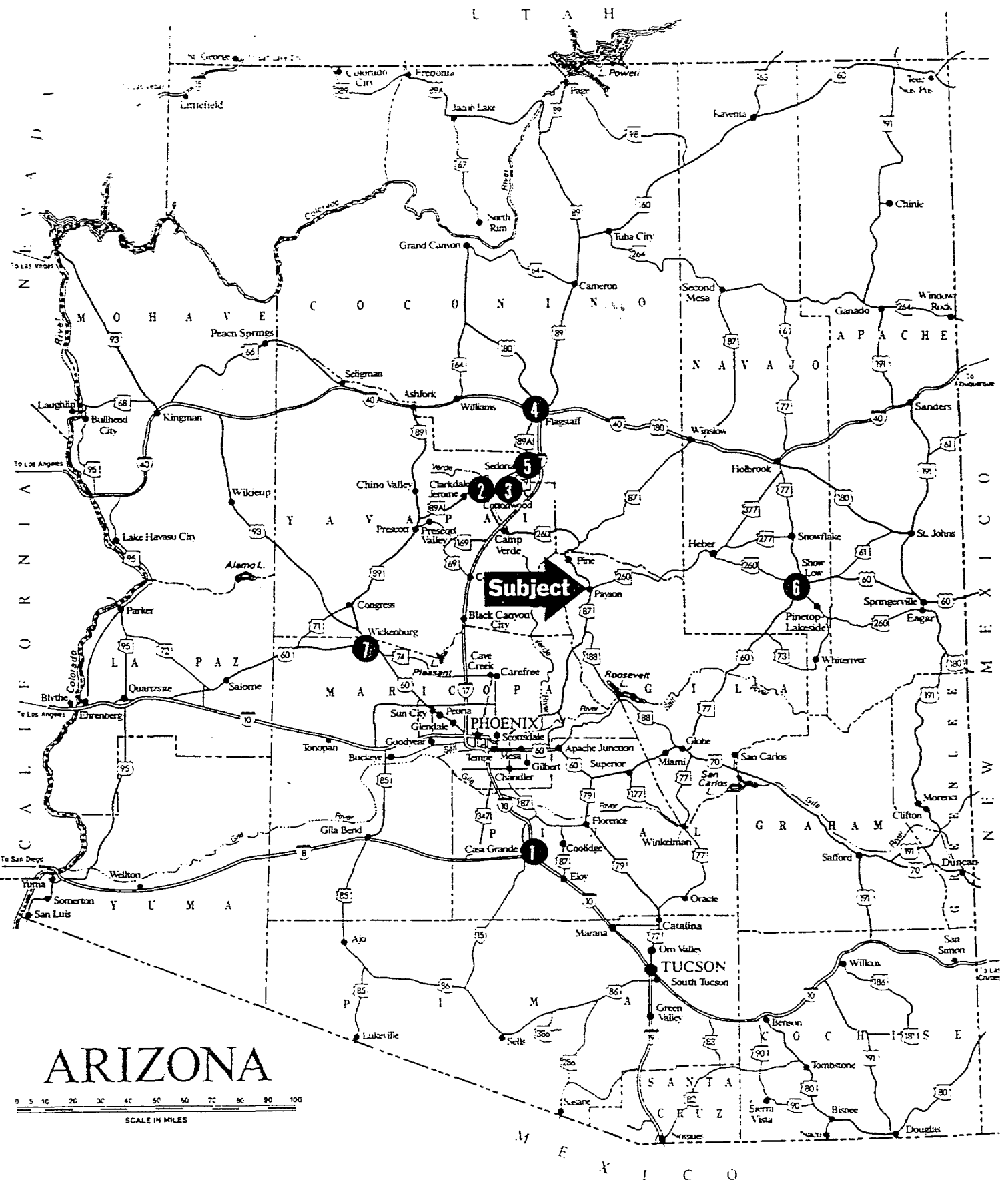
** - Per square foot income based on percentage of gross sales

Ground leased restaurant sites are not typical at competitive Arizona airports, therefore good comparable data was not found. We found that the trend is for restaurants to be located within the terminal area and the lease agreement is generally for a percentage of gross sales. The data presented suggests a price of higher than \$0.30 per square foot and less than \$2.37 (which is based on a percentage of gross). The current rental agreement for the subject at \$150 per month reflects a rental price of \$0.51 per square foot annually. Overall, based on the data presented and our conversations with the airport managers, the rental amount currently being charged seems reasonable. It is our understanding that Crosswinds restaurant owners have expressed interest in space within the proposed Payson Municipal Airport terminal. At that time it is our recommendation that a new lease agreement be drawn based on a percentage of gross sales, as is typical at competitive facilities. Based on the data presented, the rental value for the subject restaurant space is the same as the contract rent at \$0.51 per square foot annually or \$1,800 per year, calculated as follows; 3,500 square feet times \$0.51 equals \$1,785, rounded to \$1,800.

RENTAL ANALYSIS FOR SUBJECT PROPERTY 7 - ANNUAL GROUND RENTAL RATE FOR PLANNED T-HANGAR SITETABULATION OF COMPARABLE GROUND LEASE DATA

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA SQUARE FEET</u>	<u>LEASE RATE PER RUNWAY ACCESS</u>	<u>SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>CASA GRANDE MUNICIPAL AIRPORT</u>					
1	Three private aircraft hangar sites leased to individuals.	2,000 to 4,800 s.f. s.f. land	Yes	\$0.20 1989-1996	15 years plus 1 - 5 year option	Rent started at \$0.16/sf/yr with \$0.04 increase every 5 years. Currently in first increase, next increase 1998.
	<u>COTTONWOOD MUNICIPAL AIRPORT</u>					
2	Larry Green Private aircraft hangar site	10,000	Yes	\$0.30 Nov., 1995	25 years plus 1 - 15 year option	Improvements revert to city at end lease & option term. No escalator.
3	Cottonwood Hangar Association Site for 6 private condo hangars	9,000	Yes	\$0.20 1988	25 years no options	Improvements revert to city at end of lease term.
	<u>FLAGSTAFF - PULLIAM</u>					
4	Peabody Coal Co. Hangar	16,200	Yes	\$0.19 June, 1992	20 years with 1 - 10 year option	Original lease rate is \$0.19/sf/yr. Lease calls for CPI adjustments every 4 years, however, no rent increases have occurred - current rate is \$0.19.
	<u>SEDONA AIRPORT</u>					
5	Arizona Helicopter Adventures Charter helicopter tours hangar and office site.	61,500	Yes	\$0.18 July, 1995	5 years no options	Annual rental increase of 5%, plus 2 percent of gross sales. Lease to be renegotiated at end of term.

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA SQUARE FEET</u>	<u>RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>SHOW LOW MUNICIPAL AIRPORT</u>					
6	T-hangar ground space for lease on bid basis.	from 10,000 to 435,600	Yes	\$0.15 (min)	20 years no options	Minimum bid is \$0.15 per sq.ft. per year. Improvements revert to airport at lease termination.
	<u>WICKENBURG MUNICIPAL AIRPORT</u>					
7	Bonanza Leasing T-hangar site	174,240	Yes	\$0.03 1981	20 years plus 1 - 10 year option	Land rent is based on 10 percent of gross hangar rent. Rent varies - price noted is average.
	<u>SUBJECT PAYSON MUNICIPAL AIRPORT</u>					
8	Payson Hangar One, L.L.C. Condo T-hangar site	10,216	Yes	\$0.37 7/91	20 years no options	Land rent based on 14 tie down spaces. Rent increases when tie down space rental increases. Improvements revert to airport at termination of lease.
	Proposed T-hangar site for privately owned hangars	10,400 ±	Yes	----	----	----



SUBJECT PROPERTY 7 - ADJUSTMENT CHART

	<u>Casa Grande</u>	<u>Cottonwood</u>	<u>Flagstaff</u>	<u>Sedona</u>	<u>Show Low</u>	<u>Wickenburg</u>	<u>Payson</u>
Annual rental per sq.ft.	\$0.20	\$0.30	\$0.19	\$0.18	\$0.15	\$0.03	\$0.37
Property Rights	o	o	o	o	o	o	o
Conditions of Rental	o	o	o	o	* +	o	o
Market Conditions	+	o	+	o	o	+	+
Overall adjustment	+	o	+	+	+	+	+
Indicated rental/s.f.	+ \$0.20	\$0.30	+ \$0.19	+ \$0.18	+ \$0.15	+ \$0.03	+ \$0.37
Location	+	+	-	-	o	+	o
Size	-	o	o	+	o	-	o
Hangar footprint only	o	o	+	+	+	+	o
Overall Adjustment	o	+	+	+	+	+	o
than	More than	More than	More than	More than	More than	More than	About
Indicated rental/s.f.	\$0.20	\$0.30	\$0.19	\$0.18	\$0.17	\$0.04	\$0.37

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Note 2: The first four adjustments are made sequentially, while the adjustments for location and physical characteristics are made in the aggregate.

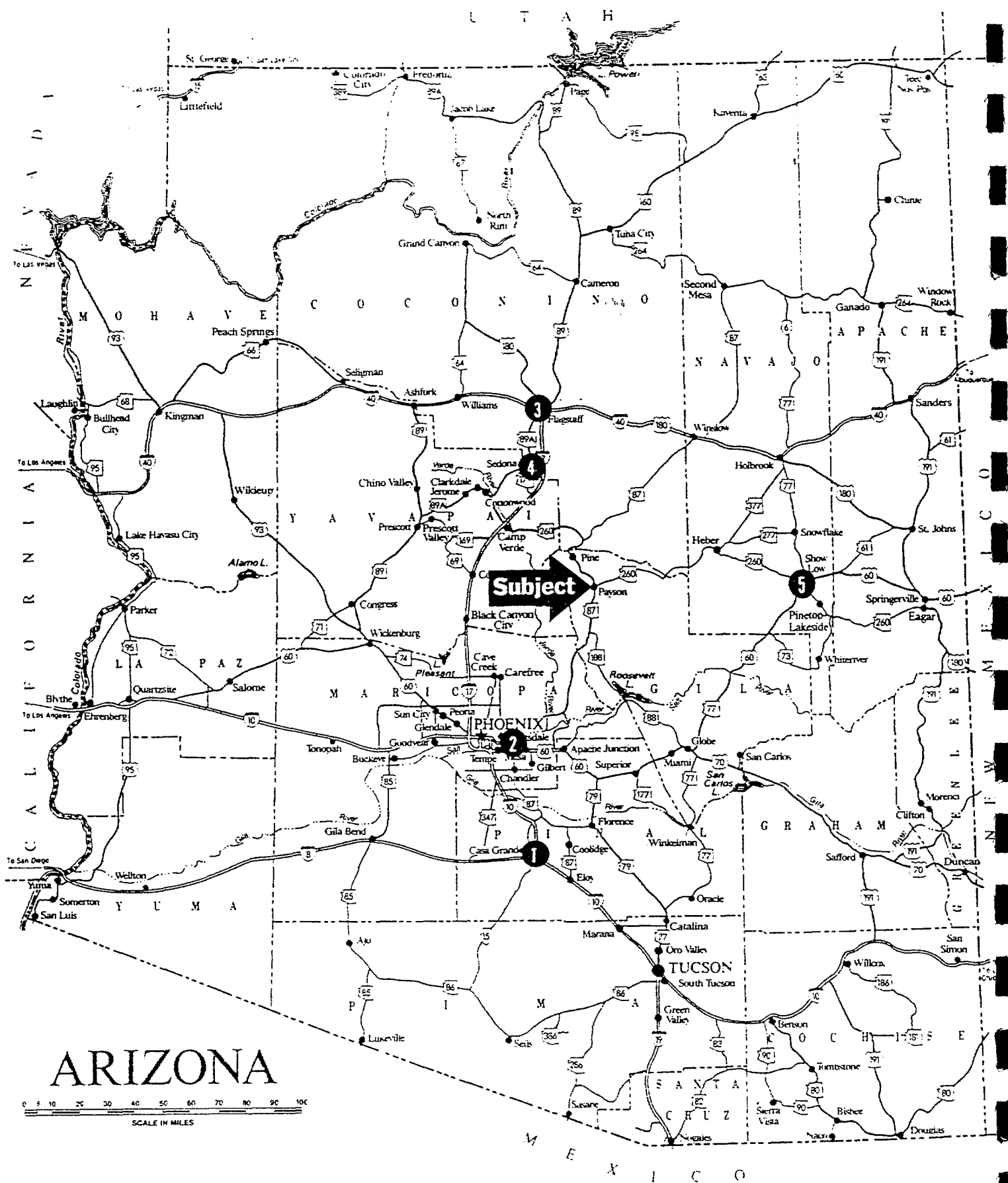
Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

* - Minimum bid

Rate suggested by the comparable data reflects the current contract rent at Hangar One, or \$0.37 per square foot per year. This rate is within the upper portion of the indicated range of rental value. Therefore, the annual rental for Subject Parcel Seven is \$0.37 times 10,400 square feet equals \$3,848, say \$3,850.

RENTAL ANALYSIS FOR SUBJECT PROPERTY 8 - ANNUAL GROUND RENTAL RATE FOR PLANNED FBO SITETABULATION OF COMPARABLE FBO GROUND LEASE DATA

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA SQUARE FEET ACRES</u>	<u>RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>CASA GRANDE MUNICIPAL AIRPORT</u>					
1	Lehman Aviation FBO aviation repair/service	45,000 1	Yes	\$0.03 1981	20 years plus 1 - 10 year option	Rent increases 1/2 cent every 5 years. Most recent increase, 1996.
	<u>FALCON FIELD</u>					
2	Switzer/Altman Aviation engine overhaul	27,878 0.64	Yes	\$0.17 April, 1993	25 years 1 - 10 year option	CPI adjusted every 2 years, not to exceed 4% annually. Next adjustment 4/98.
	<u>FLAGSTAFF - PULLIAM</u>					
3 B-42	Wiseman Aviation FBO site	87,120 2.00	Yes	\$0.05 Aug. 1997	20 years plus 2 - 5 year options	First year is free for construction time. Lease rate increases \$0.05 each year for 6 years to \$0.25 per sq.ft. then CPI increases annually. Improvements revert to airport at lease termination. Lease is plus \$0.06 per gallon fuel flowage fee.
	<u>SEDONA AIRPORT</u>					
4	Arizona Helicopter Adventures Charter helicopter tours hangar and office site.	61,500	Yes	\$0.18 July, 1995	5 years no options	Annual rental increase of 5%, plus 2 percent of gross sales. Lease to be renegotiated at end of lease term.
	<u>SHOW LOW MUNICIPAL AIRPORT</u>					
5	T-hangar ground space for lease on bid basis.	from 10,000 to 435,600	Yes	\$0.15 (min)	20 years no options	Minimum bid is \$0.15 per sq.ft. per year. Improvements revert to airport at lease termination.
	<u>SUBJECT PAYSON MUNICIPAL AIRPORT</u>					
	Proposed FBO site	12,000	Yes	---	---	---



SUBJECT PROPERTY 8 - ADJUSTMENT CHART

	<u>Casa Grande</u>	<u>Falcon Field</u>	<u>Flagstaff</u>	<u>Sedona</u>	<u>Show Low</u>
Annual rental per sq.ft.	\$0.03	\$0.17	\$0.05	\$0.18	\$0.15
Property Rights	o	o	o	o	o
Conditions of Rental	o	o	**+	o	*+
Market Conditions	+	+	o	o	o
Overall adjustment	+	+	o	o	+
Indicated rental/s.f.	+\$0.03	+\$0.17	+\$0.05	\$0.18	+\$0.15
Location	+	-/-	-	-	o
Size	+	+	+	+	o
Overall Adjustment	+	o	+	o	+
Indicated rental/s.f.	More than \$0.03	About \$0.17	More than \$0.05	About \$0.17	More than \$0.15

Note 1: (-) represents superior, thus downward adjustment;
 (+) represents inferior, thus upward adjustment;
 (o) represents similar, thus no adjustment.

Note 2: The first four adjustments are made sequentially, while the adjustments for location and physical characteristics are made in the aggregate.

Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

* - Property to be put out to bid - this is minimum bid price.

** - Price is introductory, increases to \$0.25 per square foot within 6 years.

Data reflects the subject land rent should be about \$0.17 per square foot per year. This rate is within the upper limit of the data presented. Therefore, 12,000 square feet times \$0.17 per square feet equals \$2,040 per year.

Typically fuel flowage fees are charged to the FBO's by the various competing airports. These fees generally range from \$0.02 to \$0.06 per gallon of fuel sold. According to airport executives interviewed, the fuel flowage fee is based on overall airport operations cost and capital improvement expenditures and are a business decision based these factors.

UNDERLYING ASSUMPTIONS AND CONTINGENT CONDITIONS

As agreed upon with the client prior to the preparation of this appraisal, this is a Limited Appraisal because it invokes the Departure Provision of the Uniform Standards of Professional Appraisal Practice. As such, information pertinent to the valuation has not been considered and/or the full valuation process has not been applied. Depending on the type and degree of limitations, the reliability of the value conclusion provided herein may be reduced.

This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standard 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

The liability of the firm and employees of Bruce D. Greenberg, Inc. is limited to the client only and to the fee actually received by the firm.

These appraisers are not responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; whether physical, financial, and/or legal. In the case of limited partnerships, or syndication offerings, or stock offerings in real estate, the client agrees that in case of a lawsuit (brought by lender, partner or part owner in any form of ownership, tenant, or any other party), any and all awards or settlements of any type in such suite, regardless of the outcome, the client and all parties will completely hold harmless the firm of Bruce D. Greenberg, Inc., its employees and/or agents in any such action.

The validity of legal, engineering, or auditing opinions is assumed to be good, and no responsibility is assumed therefor.

Unless otherwise stated, we assume and believe that information furnished to us by others is reliable, but we assume no responsibility for its accuracy.

Should this valuation opinion be ascribed in regard to proposed public or private improvements, then in that event, this appraisal is subject to the completion thereof in the manner proposed.

These appraisers reserve the right to alter statements, analysis, conclusion or any value estimate in the appraisal if there becomes known to us facts pertinent to the appraisal process which were unknown to us when the report was finished. Appraisal report and value estimate are subject to change if physical or legal entity or financing is different than that envisioned in this report.

The title to the property being appraised is assumed to be marketable and competent management and/or ownership is assumed. Consideration has been given to the existing or potential financing associated with the subject and the impact of such financing on value.

These appraisers were not provided with any environmental and/or land use history studies for the subject property. The existence of hazardous material has been considered; however, we are not qualified to detect such substances or materials. We assume that no such materials adversely affect the utility, usability, or developability of the property. Unless otherwise stated within our report, the existence of hazardous material may or may not be present within or on the property. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate(s) will be predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If at a later time hazardous materials and/or substances are discovered, we reserve the right, for an additional agreed upon fee, to re-analyze and re-appraise said property, taking into account the discovery of such factor and its effect on the value of the subject property.

These appraisers assume no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An Agent for The Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

Maps, drawings, or sketches have been made a part of the report to aid the reader in visualizing the property, neighborhood, and region. We have made no survey of the property and assume no responsibility in connection with such matters.

We are not required, because of this appraisal report, to appear or to testify at a public hearing, committee, or corporate meeting, deposition, or legal proceeding of any kind unless satisfactory arrangements have been made in advance for our appearance.

The possession of this appraisal report does not include the right of its publication without our consent, nor may it be used for any purpose other than its intended use.

This report or any portion thereof is for the exclusive use of the client for the stated purpose and function and is not intended to be used, given, sold, transferred, or relied on by any person other than the client without the prior, express written permission of the authors. Use of or reliance upon this report by third parties is specifically prohibited. We assume no responsibility for potential claims arising from unauthorized use of this report, or any portion thereof. The client will forever indemnify and hold Bruce D. Greenberg, Inc. and its officers and employees harmless from any claims by third parties related in any way to the appraisal or study which is the subject thereof.

The appraisal report is meant to be used only in its entirety; no part may be used without the full or entire report.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the authors, particularly as to the value conclusions, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute, or to the MAI designation, or the American Society of Appraisers or the ASA designation.

Except for data provided by the client, all data gathered in the appraisal process and the appraisal report itself remain our property.

Unless otherwise stated, the present purchasing power of the dollar is the basis for the values ascribed.

The client authorizes disclosure of all or any portion of this appraisal report and the related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable us to comply with the bylaws and regulations of said Institute hereafter in effect.

Acceptance of, and/or use of, this appraisal report by the client constitutes acceptance of the above underlying assumptions and limiting conditions, as well as the specific assumptions detailed in the Letter of Transmittal and Appraiser's Certification sections of the appraisal report.

QUALIFICATIONS OF BRUCE D. GREENBERG, MAI, SRA, ASA, STATE OF ARIZONA
CERTIFIED GENERAL REAL ESTATE APPRAISER, CERTIFICATE NUMBER 30031

Mr. Greenberg is a member of the Appraisal Institute and holds both the MAI and SRA designations. Mr. Greenberg received his earned MAI designation from the American Institute of Real Estate Appraisers in 1979. The Appraisal Institute conducts a voluntary program of continuing education for designated members. Mr. Greenberg has completed the requirements under this program and is presently certified through December 31, 1997. Mr. Greenberg also received his earned SRA, SRPA, and SREA designations from the Society of Real Estate Appraisers in 1977, 1978, and 1984, respectively. Mr. Greenberg has also earned his ASA designation from the American Society of Appraisers within both the Real Property/Urban discipline, as well as in the Machinery and Technical Specialties discipline. Mr. Greenberg received his Bachelor of Science Degree in Public Administration from the University of Arizona in 1973.

PROFESSIONAL EXPERIENCE:

1981 - Present	Principal Appraiser and President, Bruce D. Greenberg, Inc., Real Estate Appraisers and Consultants
1970 - 1980	Independent Fee Appraiser and Researcher, Sanders K. Solot and Associates, Real Estate Appraisers and Consultants

PROFESSIONAL ASSOCIATIONS:

Mr. Greenberg was chair of the National Library Committee and a member of this committee for the Appraisal Institute from 1990 through 1994. He served on the National Board of Governors of the Society of Real Estate Appraisers from 1979 to 1990. He also served on the Trust Fund Committee for the Appraisal Institute. Additionally, he was the past chair and is currently a member of the Executive Board and Membership Chairman of the Pima County Real Estate Research Council. In addition, Mr. Greenberg is a member of the Board of Directors of the Greater Casa Grande Valley Economic Development Foundation. Mr. Greenberg is also a Realtor member of the National Association of Realtors within its Tucson Board, is a member of its National Real Estate Appraisal Section, and has been awarded the General Accredited Appraiser (GAA) designation from said organization.

Qualifications of Bruce D. Greenberg (continued):

APPRAISAL EDUCATION:

Appraisal courses attended and successfully completed, as follows:

- "Basic Principles, Methods, and Techniques," 1973
- "Urban Properties," 1975
- "Condemnation," 1977
- "Capitalization Theory and Techniques," 1977
- "Standards of Professional Practice"/USPAP, Parts A and B, 1995

Society of Real Estate Appraisers courses attended and successfully completed, as follows:

- "An Introduction to Appraising Real Property," 1971
- "Principles of Income Property Appraising," 1974
- "Single Family Residential Examination," 1974
- "Narrative Report Writing Seminar," 1974
- "Specific Applications of Appraisal Analysis," 1984

American Society of Appraisers courses attended and successfully completed, as follows:

- MTS 201 "Introduction to Machinery and Equipment Valuation," 1994
- MTS 202 "Machinery and Equipment Valuation Methodology," 1994
- MTS 203 "Machinery and Technical Specialties Valuation - Advanced Topics and Case Studies," 1995
- MTS 204 "Machinery and Technical Specialties Valuation - Advanced Topics and Report Writing," 1995

QUALIFIED WITNESS FOR: United States District Courts; Pima, Pinal, Cochise, Maricopa, and Santa Cruz County Superior Courts

QUALIFIED AND ACCEPTED APPRAISER FOR: State of Arizona Departments of Transportation and Administration, State Land Department; Counties of Pima, Pinal, Santa Cruz, Maricopa, and Cochise, Cities of Tucson, Phoenix, Casa Grande, Nogales, Yuma, Sierra Vista, Bisbee, Coolidge and Eloy as well as:

Tucson Electric Power Company	Farmers Home Administration
Arizona Public Service Company	Bureau of Land Management
Southwest Gas Corporation	El Paso Natural Gas
General Services Admin. (GSA)	Tucson Unified School District
University of Arizona	
Federal National Mortgage Association (FNMA, Level III)	
Federal Deposit Insurance Corporation (FDIC)	
Department of Housing & Urban Development (HUD)	

Qualifications of Bruce D. Greenberg (continued):

Clientele includes governmental agencies, corporate organizations, financial institutions, public and private educational institutions, and public utilities.

A partial list of clients would include:

Arizona Bank	First Union
Bank of Arizona	Liberty Bank and Trust
Bank One, Arizona	Merrill Lynch
Bankers Trust	National Bank of Arizona
CB Commercial	Northern Trust
Chase Manhattan Bank	Paine Webber
Chemical Bank	Saloman Brothers
CitiBank	State Savings Bank
Corrections Corp. of America	Zions Bank
Esmor Correctional Corporation	

Mr. Greenberg has passed his General Appraisers Certification Examination set forth by the State of Arizona Board of Appraisers, Certificate Number 30031 and is certified through August 31, 1998. Furthermore, he is registered with the State of Arizona Board of Appraisal as a Property Tax Agent.

SCOPE OF PRACTICE:

Practice is classified into the following major categories:

- Machinery and Equipment Valuations
- Mortgage Loan Valuations
- Taxation Valuation
- Litigation and Eminent Domain Services
- Market Value for Private Negotiation Purposes
- Counseling/Consultation

Mr. Greenberg has valued numerous correctional facilities and airport properties throughout the United States. He is a member of both the American Association of Airport Executives and the Arizona Airport Association.

QUALIFICATIONS OF SUZANNE BOYER

PROFESSIONAL EXPERIENCE:

1991 - Present	Bruce D. Greenberg, Inc., Real Estate Consultants, and Valuators, as Associate Consultant/Appraiser
1989 - 1990	Greenberg Garcia McCalley & Prosch, Inc., Real Estate Consultants and Valuators, as Assistant Consultant/Appraiser
1986 - 1989	Realtor Associate with Tucson Realty & Trust and Roy H. Long Realty

PROFESSIONAL EDUCATION:

Valley College, San Bernardino, California - courses relating to engineering and real estate

Appraisal Institute courses attended and successfully passed as follows:

Course I110, Appraisal Principles, March, 1994
Course I120, Appraisal Procedures, May, 1994
Course I310, Basic Income Capitalization, March, 1995
Course I410, Standards of Professional Practice, Part A, May, 1996
Course I420, Standards of Professional Practice, Part B, May, 1996

State of Arizona accredited courses attended and successfully passed:

Course RLS-252, Advanced Appraisal, Pima Community College, May 1995

Recent Seminars Attended:

Arizona Airports Association, "The Nuts and Bolts of Arizona Airports," Fall Conference, October, 1995